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## BofA exec tackles Countrywide

**Desoer optimistic as she leads bank's integration with the operations of the troubled mortgage lender.**

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With all the turbulence in financial markets and the economy, Bank of America Corp. mortgage executive Barbara Desoer has a simple message: The Charlotte-based bank is still making home loans – \$51 billion worth, in fact, in just the third quarter.

"We're open for business," Desoer said in an interview Monday.

While her point is straightforward, her job is much more complex. Since May, Desoer has been in charge of consumer real estate at Bank of America, where she is leading the integration with the operations of Countrywide Financial Corp. Bank of America bought the nation's biggest mortgage lender in July and is now trying to clean up after a company that became emblematic of the nation's mortgage mess.

Since taking the job, the bank veteran has moved from Charlotte to Countrywide's base in Calabasas, Calif., announced plans to eliminate 7,500 jobs and set the top tier of her management team. Another big step was an \$8.4 billion settlement announced this month with states that had sued Countrywide for alleged predatory lending practices.

The agreement is expected to provide direct loan relief to an estimated 400,000 borrowers nationwide, while also waiving some fees and offering additional assistance to borrowers facing foreclosure. The settlement was initially reached with 11 states, including North Carolina, but two more have signed on since the original announcement.

"We're hoping for as many as possible," Desoer said, declining to comment on how much legal exposure remains for Bank of America. The bank has said the settlement fell within losses projected when it agreed to the \$4.1 billion purchase in January.

Desoer took her post after the bank reversed course on an original plan to name Countrywide president David Sambol as the leader of the combined company's mortgage operations. Sambol, along with Countrywide chief executive Angelo Mozilo, have since departed.

The role is the latest key post for an executive who has led technology and operations, marketing and consumer products divisions. The new job is also a homecoming. Desoer was on the California

side of Charlotte-based NationsBank Corp.'s 1998 merger with San Francisco-based BankAmerica Corp. and then rose through the combined company's ranks.

Previously, Desoer has lived in northern California, so Countrywide's southern California headquarters is a new experience, she said. Joining her in Calabasas have been about 30 other employees who have transferred from Charlotte.

Three months into the purchase, Desoer said the integration is on schedule. The company has named a mix of Bank of America and former Countrywide executives to leadership roles and will be tapping more managers through the end of the year, she said. The combined company will take the Bank of America brand by the middle of next year, but she declined to give the exact name that will be used.

In the deal, Bank of America inherited 1,000 Countrywide mortgage offices. The bank is still in the assessment phase but plans to keep a "substantial presence in all of the markets where we have a presence now," Desoer said. With 6,100 bank branches nationwide, however, the bank has some overlapping locations, she noted.

The bank also remains on track to eliminate 7,500 jobs from the combined company over two years. At the end of September, Bank of America had a total of 247,024 employees.

Despite all of Countrywide's troubles, Desoer said she has been pleased with the lender's talent base and the amount of loans it had in the pipeline. With all the turmoil in the market, many Countrywide employees have welcomed the arrival of Bank of America, she said. "They're looking forward to the change and for many it can't happen fast enough."

In the midst of the transition, Bank of America is also grappling with a woeful housing market that is now bogging down the broader U.S. economy. In a "60 Minutes" interview televised Sunday night, Bank of America chief executive Ken Lewis said he doesn't expect to see signs of a housing market bottom until the middle of next year.

That's the bank's "top of the house" projection, Desoer said, although she noted the climate varies from market to market. Markets that had steep price appreciation in the housing bubble "are still coming down now and have not settled yet," she said. But in other markets, prices are appreciating again.

In these times, Bank of America is promoting 30-year fixed rate mortgages as well as Federal Housing Administration loans, she said. The bank expects to participate in the "Hope for Homeowners" program that allows lenders to refinance troubled loans into the FHA program in exchange for reducing the principal owed, she said. In buying Countrywide, Bank of America gained No. 1 market share in the origination of mortgage loans as well as additional capital markets operations involved in the packaging of mortgages into securities for investors. With its planned purchase of investment bank Merrill Lynch & Co., Bank of America becomes an even bigger player in this arena.

"It gives us the creativity we need for the team to find attractive ways to bring liquidity to the markets," she said, while noting there will be opportunities to consolidate operations.

Since taking over the mortgage unit, Desoer said she talks regularly with CEO Lewis about the company's progress. For a profit-driven boss, she was able to deliver \$1.7 billion in mortgage revenue in the third quarter, up from \$439 million in the second quarter. Countrywide alone contributed \$259 million to Bank of America's operating earnings in the third quarter, not counting

restructuring and other charges. Overall, the bank had a third-quarter net income of \$1.18 billion.

If Desoer leads a successful integration, some analysts have pegged her as a potential successor someday to Lewis, who is 61. For her part, Desoer said she's focused on her current role. "I never look ahead," she said, adding: "My hands are full right now."



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